

Government hiring lifted state job picture in December

ANNAPOLIS — Government hiring drove Maryland's unemployment rate down to 6.7 percent last month as payrolls grew by 3,100 jobs, according to figures released Tuesday by the state.

December marked the third straight month in which the jobless rate declined after the recent peak of 7.4 percent in September.

Unemployment was 6.9 percent in November, and December's rate was the lowest Maryland has seen since February 2009.

"The economy is slowly getting out of this hole. It's slowly crawling out," said Daraius Irani, director of the Regional Economic Studies Institute's Applied Economics and Human Services group at Towson University.

Maryland ended the year with job growth of 30,300, an increase of 1 percent. The private sector added the bulk of those positions, with an increase of 25,600.

But it was state and local governments that drove growth in December while the private sector overall shed 1,200 jobs.

The state added 1,600 workers last month and local jurisdictions added 3,000, according to the Department of Labor, Licensing and Regulation.

"This traditionally is a rough month from the private sector," said Labor Secretary Alexander M. Sanchez, who added that his department is not sure what spurred government hiring.

Wholesalers cut 1,600 jobs last month, the construction sector cut 1,900, and professional and businesses services shed 2,200.

Leisure and hospitality added 2,300 jobs, as did the education and health care sector.

While Maryland's payrolls grew by 3,100 jobs, the state reported 8,100 more residents were working in December than in November. That discrepancy arises when people find work out of state or start businesses.

"One of the things that is going on here is Maryland is benefiting from the growth that's happening in Washington and Virginia," said Richard Clinch, director of economic development at the University of Baltimore's Jacob France Institute.

Most sectors posted gains in 2011, but construction, manufacturing and logistics companies shed jobs.

“In those industries in particular, the data speaks for itself,” Sanchez said. “When you look around the state, there weren’t a whole lot of cranes. There wasn’t a whole lot of construction going on.”

Gov. Martin O’Malley has proposed higher levels of infrastructure spending in the coming year to spark hiring in construction.

The outlook for Maryland is continued slow job growth this year, the economists said.

“The good news is people are spending, and it’s actually increasing a bit year over year. But you’re not seeing pre-recession levels,” Towson’s Irani said. “The new kitchen won’t be imported Italian flagstone, hand-carved. It’ll be more standard. That’s showing up in the numbers. You’re not seeing those huge expenditures.”

There exist strong headwinds in the form of looming federal budget cuts and the prospect of fiscal turmoil in Europe that could sap momentum from the anemic U.S. recovery.

Indeed, Clinch said much of the decline in manufacturing could be attributed to cuts in the defense spending that supports major Maryland employers such as Lockheed Martin Corp. and Northrop Grumman Corp.

“Clearly, defense isn’t going to have the boom years that it had in the last five or six,” he said. “Federal spending has nowhere to go but down.”